advise them to coordinate, for example, for all those marts which were held abroad, we did advise them. We also advise that wherever they have got a potential they should go there; otherwise, they should not go there.

MR. CHAIRMAN: Question No. 364.

Erosion of market capitalisation of BSE

*364. SHRI J. CHITHARANJAN:††
SHRI V.V. RAGHAVAN:

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that the market capitalisation of the Bombay Stock Exchange (BSE) was eroded by about 4 per cent during the first week after the presentation of the Budget 2003; and

(b) if so, the details thereof and the reasons therefor?

THE MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH): (a) and (b) A Statement is placed on the Table of the House.

Statement

(a) The market capitalisation on the Bombay Stock Exchange fell from Rs. 619872.6 crores on the budget day, *i.e.* 28th of February, 2003, to Rs. 595004.96 crores on 7th March, 2003. This was a fall of about 4%.

(b) According to the BSE, the impending conflict in the Middle East could have dampened the market sentiment leading to the erosion in the equity prices, a trend which was evident in the major international markets with indices like Dow Jones, Nasdaq Composite, FTSE and S&P 500 down by 1.91%, 2.41%, 4.91% and 1.46% respectively during the period of 28th February, 2003 to 7th March, 2003.

SHRI J. CHITHARANJAN: Mr. Chairman, Sir, in the reply given by the hon. Minister, he has stated that during the period of the

††The question was actually asked on the floor of the House by Shri J. Chitharanjan.

week, *i.e.*, 17th March, 2003, there was a fall of about 4% in the value of shares and the total loss by way of fall in prices came to a huge amount of about Rs. 25,000 crores. After that, the Minister has also said that the BSE had stated that the impending conflict in the Middle East could have had an effect on the market sentiments resulting in the erosion of equity prices. I would like to know, what exactly is the opinion of the Finance Ministry about this particular phenomenon.

Secondly, after March 7, we have crossed another month. What is the development now in this connection? Is there improvement or is it getting worse?

SHRI JASWANT SINGH: Sir, the hon. Member has enquired about fluctuations on the stock exchanges. He has also enquired of me firstly, what the Finance Ministry's views on these fluctuations are, and secondly whether the situation has now improved. Sir, fluctuations on the stock exchanges are consequence of many factors. Amongst them, which the reply has attempted to answer, is the question of global uncertainty. There can be global economic uncertainty, there can be global political uncertainty and there can be the factors like the dampening demand arising from drought. We believe, Sir, that all these factors, the general overall market sentiment, contribute to the fluctuations in stock exchanges. I personally am of the view that the impending Gulf crisis, the consequences of the drought, as also of global downturn did result in dampening of the market sentiment. The market has already begun to improve. In between it has had many fluctuations. And is now currently on account of developments in the Gulf showing a reviving tendency.

MR. CHAIRMAN: Shri Raghavan.

SHRI J. CHITHARANJAN: Sir, I have another supplementary to put.

MR. CHAIRMAN: You have already put two supplementaries.

SHRI J. CHITHARANJAN: Sir, I have to put another supplementary.

MR. CHAIRMAN: Kindly be brief.

SHRI J. CHITHARANJAN: Of course, I will be brief. Sir, most of the schemes that are enunciated by the Finance Minister in the Budget are mainly intended to attract or persuade the small investors to invest in the share market. But if the prices of shares in the market fall, then naturally there will be hesitation that will affect the economic development also. Therefore, I would like to know what exactly those steps are which the Government is taking in this connection to improve the situation.

SHRI JASWANT SINGH: Sir, again it would require from me a detailed answer. Yes, Sir, revival of investors' confidence in capital market is an important aspect of the total economic activity. It is important. But it is not the only aspect. Now, there are many factors that have resulted in a decline of investors' confidence in the stock exchanges. Traditionally, India is not, the Indians are not given to operating on stock exchanges. I have frequently said that we, as a society, are more easily deal with debt than with corporate stock exchange activity because, as you know, Sir, in rural India, he who operates on the stock exchange is often treated as *a sattoria*. Operating on a stock exchange is very far from being only *sattoria*. This mental attitude is one of the factors that has not permitted the growth of capital markets in India. The other reasons, of course, if you have on the stock exchange, if you have the incidence of vanishing companies or if you have like the incidents that took place in 1991, the first stock exchange difficulty, then again another difficulty that we have had which the Joint Parliamentary Committee looked into these, then contribute to erosion of confidence. The Government has taken numerous steps and several steps. The Joint Parliamentary Committee has recommended several steps. We will implement all those steps. We are committed to revive the investors' confidence in the capital market.

श्री संजय निरुपम: सभापति जी, मुझे सप्लीमेंट्री क्वेश्चन पूछने की अनुमति दी, इसके लिए आपका धन्यवाद। बी.एस.ई. पर जो लगातार बुरा असर पड़ रहा है उसके कई कारण हैं। जिनके बारे में आपने बताया है कि नेचुरल केलेमिटी होती है, इराक वार है। इराक वार के अलावा इन्वेस्टर्स का जो कांफीडेंस था, वह 1991 से लगातार गिरता

चला गया है। इन्वेस्टर्स के कांफीडेंस के साथ-साथ ब्रोकर्स की जो इमेज थी, जो क्रेडेबिलिटी थी, वह भी खत्म हो गई। केतन पारेख या हर्षद मेहता जैसे दो-चार ब्रोकर्स की वजह से सारे ब्रोकर्स को ब्लैक लिस्टिड कर दिया जाए, यह बहुत अच्छी भूमिका नहीं है। मेरे पास जो जानकारी है, उसके अनुसार ब्रोकर्स के साथ सरकार को नियमित तौर पर जो इंटरैक्ट करना चाहिए, वह इंटरैक्शन नहीं हो रहा है। मैं पूछना चाहता हूं कि जब से आप फाइनेंस मिनिस्टर बने हैं, तब से, यानी पिछले सात-आठ महीने में ब्रोकर्स की एसोसिएशन के साथ या उनके लीडर्स के साथ, बी.एस.ई. के मार्किट कैपीटलाइजेशन को रिवाइव करने के लिए, ट्रेडिंग को मजबूत करने के लिए, बढ़ाने के लिए आपकी कितनी मीटिंग्स हुई हैं? इस संबंध में अगर आप कैटीगॉरिकली बताएंगे तो बड़ी मेहरबानी होगी।

श्री सभापति: ब्रोकर्स के साथ आपकी कितनी मीटिंग्स हुई हैं, वह कैटीगॉरिकली बता दें?

श्री संजय निरुपम: ब्रोकर्स के साथ मीटिंग्स को गलत सैंस में न लिया जाए। ...(**व्यवधान**)...

श्री सभापति: अब आप बैठ जाइए।

श्री संजय निरुपम: यह फाइनेंस मिनिस्टर की जिम्मेदारी है कि ये अपने कार्यालय में ब्रोकर्स को बुलाकर बैठें और उनके साथ विचार-विमर्श करें।

श्री सभापति: कार्यालय में हुई है, घर पर हुई है, कहां हुई है? ...(**व्यवधान**)...

श्री संजय निरुपम: ब्रोकर्स मतलब, शेयर ब्रोकर्स। सटोरिए नहीं। ...(**व्यवधान**)..

श्री जसवंत सिंह: जैसा माननीय सदस्य ने जानना चाहा है, मेरे कार्यालय में ब्रोकर्स के साथ एक भी मीटिंग नहीं हुई है।

श्री सभापति: इसका मतलब घर पर हुई है?

श्री जसवंत सिंह: घर पर भी नहीं हुई है। किन्तु यह जरूर मैंने किया है कि जब मैं मुम्बई गया और बॉम्बे स्टॉक ऐक्सचेंज में गया तो वहां सभी लोगों को मिलने का मुझे अवसर मिला था। मैं बॉम्बे स्टॉक ऐक्सचेंज एक ही बार जा पाया, यह भी सही है। यह आवश्यक नहीं है कि वित्त मंत्री ब्रोकर्स के साथ मिलें। हमारे स्टॉक ऐक्सचेंज के अधिकारी और अफसर उनसे मिलते हैं। उनमें जरूर कॉन्फीडेंस का संचार होना चाहिए।

श्री संजय निरुपम: वे नहीं मिल रहे हैं। ...(**व्यवधान**)...

श्री सभापति: अब आप बैठ जाइए। ...(व्यवधान)...

श्री संजय निरुपम: ब्रोकर्स के साथ इंटरैक्ट करना सेबी के चेयरमैन की जिम्मेदारी है किन्तु वे नहीं मिल रहे हैं। इसके बाद वे कहां जाएंगे, किससे इंटरैक्ट करेंगे?

श्री सभापति: अब उन्हें जवाब देने दीजिए।

श्री जसवंत सिंह: आपकी बात ठीक है, हम इस संबंध में जरूर विचार करेंगे।

SHRI MURLI DEORA: Sir, inspite of various positive measures announced in the Budget to revive the capital market, the truth is, nearly, 5 per cent of the market cap *i.e.,* over Rs. 25,000 crores has been eroded. Two measures have been announced in the Budget. The first one is on the Dividend Tax and the second one is on the Capital Gains Tax. I would like to know from the hon. Minister why the benefit of the Capital Gains Tax is not extended to Equity Mutual Funds. All over the world, these Mutual Funds collect and mobilise money to invest in the capital market.

Secondly, this Capital Gains Tax is only applicable from the current fiscal year. Why not this be made applicable to those who purchased shares, earlier, with a clear-cut clause, that they should reinvest their money? You fear that they will sell their shares and the market will get further eroded and can be taken care of with a provision that they will reinvest the money in the same equities.

SHRI JASWANT SINGH: Sir, the hon. Member has enquired about the Mutual Funds. The Government is committed to promoting and encouraging Mutual Funds. But, I must, in all candour, share with the House a point. As the hon. Member knows, the Unit Trust was the pioneer of the Mutual Funds. Well before any other Mutual Fund had come up in the country, it was the Unit Trust that really set up or established that. Sir, the Unit Trust, over the years, has not been able to establish what it is, whether it is a Mutual fund or a lending agency or a development finance bank. What is it? On account of that, we all know what happened to the Unit Trust. But, you will be happy to know that the Unit Trust is well on its revival path. And, I am very happy to share with the hon. Members that, now, today, the trading in Units, is really at its premium. That is a healthy sign.

SHRI MURLI DEORA: Sir, why the Ministry is not extending the benefit to those who purchased earlier? Now, today, if I buy a share and if I sell after one year, as per the new provisions of the current Budget, I do not pay income tax on that. But, those who mobilised through Mutual Funds do not get that benefit.

SHRI JASWANT SINGH: Sir, though this question does not really specifically arise, but I must answer to it because we have said about capital gains. We have said that capital gains have not to be retrospectively, but prospectively from a certain date. If you invest, say, from 1st April, you invest for a year. We are examining why should not do it for all the previous years' investments that you have done. I am sure the hon. Member will appreciate that when we examined this, we had calculated that it was very possible that a lot investment, which has taken place in the last three or four years, could easily be dumped in the market, and that would result in a decline in the market. You please understand what I am saying. It should only be if you reinvest in capital market. Here again, we had calculated, and it was our assessment that my dear friend, the hon. Member could very easily sell his shares to me, and I could sell my shares to him. So, he would have booked his profit, and I would have booked my profit. But this kind of internal trading would not serve the purpose that we are trying to fulfil. I am sure the hon. Member understands this.

Decline in jobs in organised sector

*365. SHRI GHULAM NABI AZAD: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether during the financial years (2000-2002), there was a decline of 1.7 lakhs jobs in organised sector;

(b) whether this decline was the steepest in the last three decades;

(c) whether the falling trend has been consistent in the last four years especially in Jammu and Kashmir; and

(d) if so, the reasons therefor?